

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO  
RICO,

As representative of

THE COMMONWEALTH OF PUERTO  
RICO, *et. als.*

Debtors<sup>1</sup>

PROMESA Title III

No. 17 BK 3283 (LTS)

(Jointly Administered)

**POTRERO LOS LLANOS, INC.'S ANSWER TO FOUR HUNDRED NINETY-SIXTH OMNIBUS OBJECTION (SUBSTANTIVE) OF THE COMMONWEALTH OF PUERTO RICO TO PARTIALLY SATISFIED AND PARTIALLY NO LIABILITY CLAIMS**

**TO THE HONORABLE COURT:**

COMES NOW, Potrero Los Llanos, Inc. ("Los Llanos"), through its undersigned counsel, and respectfully submits its answer to Debtor's *Four Hundred Ninety-Sixth Omnibus Objection (Substantive) Of the Commonwealth of Puerto Rico to Partially Satisfied and Partially No Liability Claims* (ECF No. 21749) (the "Objection") as follows:

<sup>1</sup> The Debtors in these Title III cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233 (LTS)) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

1. On May 21, 2018, Los Llanos filed its Claim No. 17818 against the Commonwealth of Puerto Rico (the “Commonwealth”) for \$11,013.06, amended contemporaneously hereafter to \$11,200.00, premised on eight (8) vouchers for incentives for the sale of eight (8) yearlings at its sale of August 6, 2015, submitted for payment to the Administration of the Industry and the Racing Sport (“AIDH”) and approved thereby (the “Claim”).

2. On August 5, 2022, the Commonwealth filed the Objection moving for the disallowance of the Claim on the basis that it purports to assert liabilities associated with the Commonwealth, but fails to provide any basis or supporting documentation for asserting a claim against the Commonwealth, such that the Debtors are unable to determine whether Los Llanos has a valid claim against the Commonwealth or any of the Title III debtors.

3. Los Llanos is the principal breeder of thoroughbred horses in Puerto Rico at its farm of Los Llanos Ward, Coamo, Puerto Rico.

4. Los Llanos, as well as other commercial breeders of thoroughbred horses in Puerto Rico, holds a yearly sale of its native bred yearlings (one year old colts and fillies), offered principally to licensed horse owners at the time by the AIDH, now the Puerto Rico Gaming Commission (the “Gaming Commission”).

5. At the time of the facts giving rise to the Claim, the AIDH was the governmental agency created by Law Number 83 of July 2, 1987, 15 L.P.R.A. § 198 et. seq. (the “Racing Act”), now substituted by the Gaming Commission by virtue of Law Number 81 of July 29, 2019, with similar powers as the AIDH, regarding the horse racing industry and sport in Puerto Rico (the “New Law”).

6. The AIDH, now the Racing Commission, regulated all aspects of the racing industry and sport in Puerto Rico. Its powers faculties and duties were exercised through a Racing Administrator and a Racing Board, now the Executive Director of the Racing Commission

and the Gaming Commission.

7. At the time of the facts giving rise to the Claim, the Racing Act established a Breeders and Betterment Fund (the “Fund”) for the purpose of promoting the breeding and acquisition of native bred thoroughbred horses, as are the yearlings that Los Llanos sells yearly, and improving horse racing in Puerto Rico 15 L.P.R.A. § 198aa.

8. Under the New Law, the Fund is also codified at 15 L.P.R.A. § 198(a)(a) for the same purposes as in the Racing Act.

9. The Fund is nurtured from unclaimed or expired winning wagering tickets purchased by the betting public entitled to the dividends resulting from the wagering system, not from funds arising from the Commonwealth’s General Fund and thus not property of the Commonwealth’s Title III estate, destined to be distributed pursuant to the Racing Act, 15 L.P.R.A. §§ 198aa and now under the New Law, 15 L.P.R.A. § 982h, as an incentive to horse owners to purchase the yearlings bred by Puerto Rico’s licensed commercial breeders.

10. The dividends corresponding to the uncollected or expired winning wagering tickets that enter the Fund are to be utilized for the purpose of encouraging actual and potential horse owners to acquire more and better native bred thoroughbred horses and are to be distributed by resolution or order formerly of the Racing Board and now the Commission.

11. For that purpose, regarding the auction sales for the year 2015, the AIDH provided an incentive of \$1,400.00 for each yearling sold at auction by the commercial breeders, evidenced by a voucher issued to the corresponding breeder for each yearling sold and to be credited to each purchase of a yearling therefrom.



12. The eight (8) vouchers listed in the Claim, numbers 16890407; 1689409; 16890410; 16890411; 1680412; 1680413; 1680414; and 16890438 correspond to 8 yearlings sold at auction by Los Llanos during its sale for year 2015.

13. The same were not paid to Los Llanos by the Secretary of Treasury of the Commonwealth, custodian of the money in the Fund for the year 2015.

14. Los Llanos is attaching hereto the following evidence in support of the Claim:

**(a) Voucher No. 16890407**

- (i) Proof of Payment (“Comprobante de Pago”) for \$1,400.00, issued by the AIDH to Los Llanos as to Hip No. 22 (Shemesh 2014), corresponding to the contribution for its purchase pursuant to Resolution for Distribution 2015, Case Number JH-05-19, as to Los Llanos’ sale of August 6, 2015, sold to Ramón Delgado.
- (ii) Distribution of Credit 2015, Hip No. 22 for \$1,400.00 (Shemesh 2014)<sup>2</sup> sold for \$15,000.00 to Ramón Delgado, with the approved and applied \$1,400.00 credit, to be paid to Los Llanos (the “Incentive”).
- (iii) Request for Payment of the Incentive signed by Eduardo Maldonado Ruiz on behalf of Los Llanos on September 16, 2015, approved by the AIDH.
- (iv) Post-Purchase Veterinary Examination of Hip No. 22.
- (v) Los Llanos statement of Hip No. 22 to Ramón Delgado, with the application of the \$1,400.00 discount. (Composite **Exhibit A**)

**(b) Voucher No. 16890409**

- (i) Proof of Payment (“Comprobante de Pago”) for \$1,400.00, issued by the AIDH to Los Llanos as to Hip No. 33 (Abogada 2014), corresponding to the contribution for its purchase pursuant to Resolution for Distribution 2015, Case Number JH-05-19, as to Los Llanos’ sale of August 6, 2015, sold to Ángel Morales.
- (ii) Distribution of Credit 2015, Hip No. 33 for \$1,400.00 (Abogada 2014) sold for \$10,000.0 to Ángel Morales, with the approved and the applied \$1,400.00 credit, to be paid to Los Llanos (the “Incentive”).
- (iii) Request for Payment at the Incentive signed by Eduardo Maldonado Ruiz on behalf of Los Llanos on September 16, 2015, approved by the AIDH.

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<sup>2</sup> Name of the dam and year of birth of the foal.

- (iv) Post-Purchase Veterinary Examination of Hip No. 33.
- (v) Los Llanos statement of Hip No. 33 to Ángel Morales, with the application of the \$1,400.00 discount. (Composite **Exhibit B**)

**(c) Voucher No. 16890410**

- (i) Proof of Payment (“Comprobante de Pago”) for \$1,400.00, issued by the AIDH to Los Llanos as to Hip No. 11 (Mad Mambo 2014), corresponding to the contribution for its purchase pursuant to Resolution for Distribution 2015, Case Number JH-05-19, as to Los Llanos’ sale of August 6, 2015, sold to Rafael Matos.
- (ii) Distribution of Credit 2015, Hip No. 11 for \$1,400.00 (Mad Mambo 2014) sold for \$9,000.0 to Rafael Matos, with approved and applied \$1,400.00 credit, to be paid to Los Llanos (the “Incentive”).
- (iii) Request for Payment of the Incentive signed by Eduardo Maldonado Ruiz on behalf of Los Llanos on September 16, 2015, approved by the AIDH.
- (iv) Post-Purchase Veterinary Examination of Hip No. 11.
- (v) Los Llanos Statement of Hip No. 11 to Rafael Matos, with the application of the \$1,400.00 discount. (Composite **Exhibit C**)

**(d) Voucher Number 16890411**

- (i) Proof of Payment (“Comprobante de Pago”) for \$1,400.00, issued by the AIDH to Los Llanos as to Hip No. 5 (Oh Mr. Postman 2014), corresponding to the contribution for its purchase pursuant to Resolution for Distribution 2015, Case Number JH-05-19, as to Los Llanos’ sale of August 6, 2015, sold to Félix Cirquit.
- (ii) Distribution of Credit 2015, Hip No. 5 for \$1,400.00 (Oh Mr. Postman 2014) sold for \$9,000.0 to Félix Cirquit, with the approved and applied \$1,400.00 credit, to be paid to Los Llanos.
- (iii) Request for Payment of the Incentive signed by Eduardo Maldonado Ruiz on behalf of Los Llanos on September 16, 2015, approved by the AIDH.
- (iv) Yearling Veterinary Exam Report Oh Mr. Postman 2014.
- (v) Los Llanos statement of Hip No. 5 to Félix Cirquit, with the application of the \$1,400.00 discount. (Composite **Exhibit D**)

**(e) Voucher No. 16890412**

- (i) Proof of Payment (“Comprobante de Pago”) for \$1,400.00 issued by the AIDH to Los Llanos as to Hip No. 13 (Shimmering Gal 2014), corresponding to the contribution for its purchase pursuant to Resolution for Distribution 2015, Case Number JH-05-19, as to Los Llanos’ sale of August 6, 2015, sold to Luis Archilla.
- (ii) Distribution of Credit 2015, Hip No. 13 for \$1,400.00 (Shimmering Gal 2014) sold for \$18,000.0 to Luis Archilla, with the approved and applied \$1,400.00 credit, to be paid to Los Llanos.
- (iii) Request for Payment of the Incentive signed by Eduardo Maldonado Ruiz on behalf of Los Llanos on September 16, 2015, approved by the AIDH.
- (iv) Post-Purchase Veterinary Examination of Hip No. 13.
- (v) Los Llanos statement of Hip No. 13 to Luis Archilla, with the application of the \$1,400.00 discount. (Composite **Exhibit E**)

**(f) Voucher No. 16890413**

- (i) Proof of Payment (“Comprobante de Pago”) for \$1,400.00, issued by the AIDH to Los Llanos as to Hip No. 16 (Tipsy Tonya 2014), corresponding to the contribution for its purchase pursuant to Resolution for Distribution 2015, Case Number JH-05-19, as to Los Llanos’ sale of August 6, 2015, sold to Ervin Rodríguez.
- (ii) Distribution of Credit 2015, Hip No. 16 for \$1,400.00 (Tipsy Tonya 2014) sold for \$32,000.0 to Ervin Rodríguez, with the approved and applied \$1,400.00 credit, to be paid to Los Llanos.
- (iii) Request for Payment of the Incentive signed by Eduardo Maldonado Ruiz on behalf of Los Llanos on September 16, 2015, approved by the AIDH.
- (iv) Post-Purchase Veterinary Examination of Hip No. 16.
- (v) Los Llanos Statement of Hip No. 16 to Ervin Rodríguez, with the application of the \$1,400.00 discount. (Composite **Exhibit F**)

**(g) Voucher No. 16890414**

- (i) Proof of Payment (“Comprobante de Pago”) for \$1,400.00 issued by the AIDH to Los Llanos as to Hip No. 15 (Political Gold 2014), corresponding to the contribution for its purchase pursuant to Resolution for Distribution 2015, Case Number JH-05-19, as to Los Llanos’ sale of August 6, 2015, sold to Félix Maldonado.

(ii) Distribution of Credit 2015, Hip No. 15 for \$1,400.00 (Political Gold 2014) sold for \$11,000.0 to Félix Maldonado, with the approved and applied \$1,400.00 credit, to be paid to Los Llanos.

(iii) Request for Payment at the Incentive signed by Eduardo Maldonado Ruiz on behalf of Los Llanos on September 16, 2015, approved by the AIDH.

(iv) Post-Purchase Veterinary Examination of Hip No. 15.

(v) Los Llanos Statement of Hip No. 15 to Félix Maldonado, with the application of the \$1,400.00 discount. (Composite **Exhibit G**)

**(h) Voucher No. 16890438**

(i) Proof of Payment (“Comprobante de Pago”) for \$1,400.00 issued by the AIDH to Los Llanos as to Hip No. 17 (Ms. Hawaii 2014), corresponding to the contribution for its purchase pursuant to Resolution for Distribution 2015, Case Number JH-05-19, as to Los Llanos’ sale of August 6, 2015, sold to José A. López.

(ii) Distribution of Credit 2015, Hip No. 17 for \$1,400.00 (Ms. Hawaii 2014) sold for \$16,500.0. to José A. López, with the approved and applied \$1,400.00 credit, to be paid to Los Llanos.

(iii) Request for Payment at the Incentive signed by Eduardo Maldonado Ruiz on behalf of Los Llanos on September 16, 2015, approved by the AIDH.

(iv) Post-Purchase Veterinary Examination of Hip No. 17.

(v) Los Llanos Statement of Hip No. 17 to José A. López, with the application of the \$1,400.00 discount. (Composite **Exhibit H**)

**JURAT**

  
I Eduardo Maldonado Ruiz of legal age, married, resident of Ponce, Puerto Rico in my capacity of vice-president of Potrero Los Llanos, Inc. state:

1. My name, personal circumstances and the character of my representation are as stated above.
2. I have read the foregoing answer and examined the exhibits hereto and what is stated above

is true and correct.

3. Furthermore, Potrero Los Llanos has not been disbursed by the Secretary of the Treasury of Puerto Rico the \$11,200.00 evidenced by the eight (8) vouchers listed above from the Fund, funds that are not related to Puerto Rico's General Fund, but generated as indicated above and not property of the Commonwealth of Puerto Rico, but part of the Fund and as to which Potrero Los Llanos, Inc. as evidenced by the exhibits hereto, is entitled.

I declare under penalty of perjury (as provided by 28 U.S.C. § 1746) that the foregoing is true and correct. Executed on September 7, 2022, in Coamo, Puerto Rico.



Eduardo Maldonado Ruiz

**WHEREFORE**, it is respectfully requested that the Claim be allowed.

San Juan, Puerto Rico, this 8th day of September 2022

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